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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000368

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E.O. 12958: DECL: 03/23/2019
TAGS: [PGOV](#) [EPET](#) [EINV](#) [TX](#)
SUBJECT: TURKMENISTAN: DEPUTY CHAIRMAN FOR OIL AND GAS
KEEPS SILENT ABOUT FUTURE PLANS

Classified By: DCM Sylvia Reed Curran for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: In a meeting with a visiting U.S. energy scholar, Deputy Chairman for Oil and Gas Tagiyev emphasized the size of Turkmenistan's oil and gas resources and underscored the government's confidence that state enterprises will be able to manage the expense and complexity of developing the country's onshore oil and gas fields. They will do it in cooperation with a variety of foreign service companies who will provide the technology and expertise necessary to bridge the gap between the country's current production rates and those set for the next 10-20 years. Tagiyev shared little in regard to the government's plan to refurbish existing facilities and construct new ones, but expressed confidence that the country will be able to meet export obligations. Part of the problem may be that officials like Tagiyev, regularly at risk for dismissal in this political system, are unlikely to have more than a two- or three-year time frame. END SUMMARY.

¶2. (SBU) A visiting scholar from the Center for Strategic and International Studies (CSIS) met with Deputy Cabinet Chairman for Oil and Gas Tachberdy Tagiyev on March 17 to get a readout of oil and gas development underway in Turkmenistan. Tagiyev said that the country is currently producing 10 million tons of oil per year, and that in accordance to the country's national development plan to 2030, the government is planning to increase oil production to 110 million tons. He expressed confidence that the gas pipeline to China now under construction will be exporting gas by December 2009. He briefly referred to the TAPI (Turkmenistan, Afghanistan, Pakistan, India) pipeline, saying "we are a little discouraged by the situation in Afghanistan."

LOTS OF OFFSHORE OPPORTUNITIES FOR FOREIGN COMPANIES

¶3. (SBU) Turkmenistan has 32 offshore blocks available to foreign companies that may be interested in PSA options, he noted. Onshore, Tagiyev said there were plenty of service

agreement opportunities for foreign companies that can do exploratory and geological work and introduce new technology.

In accordance with the country's national oil and gas development plan, by 2030 Turkmenistan will be producing 250 bcm per year of natural gas. He said offshore fields are assessed to hold 6 trillion cubic meters (tcm) of gas and 12 million tons of oil that can be tapped in coming years. (NOTE: Turkmenistan has licensed four PSAs offshore in the last 10 years, but none since 2007. END NOTE.)

OFFICIAL EXPECTS HYDROCARBON PRODUCTION TO SOAR

14. (SBU) Tagiyev deflected explicit questions regarding the ambitious goals of the country's national energy development plan to 2030, which envisages an increase in oil production from the current 10 million tons per year to 110 million tons, and increase in gas production from 74 bcm to 250 bcm by 2030. He expressed confidence that Turkmenistan will attract many foreign companies eager to invest in the country and help boost production. South Yoloten alone, once developed, is expected to produce 100 bcm of gas per year, he said. Production from the right bank of the Amu Darya and the Yashlar field near Yoloten will also contribute significant quantities of gas. He noted that they were also expecting the Malaysian company Petronas' offshore operation in Block I to begin producing about five bcm per year, beginning next year.

15. (SBU) The Deputy Chairman noted that Turkmenistan also produces LNG (liquefied natural gas) and plans to develop a

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capacity to produce other liquefied gas products as well. Tagiyev assessed that a rail line that will soon link Russia, Kazakhstan, Turkmenistan and Iran will give Turkmenistan new access to Western markets for the further sale of liquefied gas products.

16. (C) COMMENT: Tagiyev, like other senior officials, projected an image of confidence that national enterprises will be able to handle all onshore development, with a little help from foreign service companies, to reach the ambitious production goals the president has set. It is unclear whether the president has directed the oil and gas agencies to retain control of onshore development, or the agencies are themselves convinced they can do it without significant foreign help and investment. Regardless, the government has said very little about how it will boost production so dramatically over the next 20 years, and officials like Tagiyev, regularly at risk for removal in this system, are unlikely to have more than a two or three year view into the future. END COMMENT.

MILES